

## Neighbours, Allies and Giants: Three Themes in Australian Strategic Thinking

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**Theme:** Australian strategic thinking is a challenging balancing act between three priorities: local developments in Australia's immediate neighbourhood, alliance commitments at the global level and coping with the rise of the Asian giants.

**Summary:** Australian strategic thinkers are simultaneously preoccupied by developments in three main arenas. First, concerns about instability in the South Pacific and East Timor have given rise to the commitment of Australian forces in the immediate region. Secondly, the short-term costs to Canberra of sustaining the valuable alliance with the US have increased as Washington has expected Australian commitments to coalition operations in Iraq and Afghanistan. Third, with the rise of China and India, the continuation of America's strong but less preponderant regional role, and Japan's relative position at a turning point, Asia is becoming a region of giants where the strategic balance is changing significantly.

This paper argues that the effectiveness of Australian strategic policy depends on the choices Canberra makes about the allocation of precious attention and resources across and between these arenas which often generate competing pressures on Australia's force structure. The newly elected government of Prime Minister Kevin Rudd faces some interesting choices. As Australian force levels are reduced in Iraq and retained in Afghanistan, to what extent will capabilities chosen for these sorts of commitments be favoured? Will Mr Rudd's government place increasing emphasis on Australia's capacity to mount and lead stabilisation operations in its immediate neighbourhood. Or will the bulk of Australia's capital expenditure on defence be directed to the long-term acquisition of advanced maritime capabilities in light of Asia's evolving strategic balance? Given the importance and timeframe of the giants' rise, the last of these might turn out to be the dominant factor.

**Analysis:** Strategic debate sometimes occurs in a supposed world of polar opposites. Soon after the September 2001 terrorist attacks on the US, George W. Bush famously laid down the gauntlet by proclaiming that 'you are either with us or against us'. His forthright Secretary of Defense Donald Rumsfeld once referred to 'old Europe' and 'new Europe' just as some scholars refer to 'old' and 'new' terrorism. Bush's doctrine of 'pre-emption' has frequently been contrasted with the Cold War strategy of deterrence. US policy is

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either too isolationist or too interventionist. And we are sometimes encouraged to think that there are only two main strategies to deal with China: engagement or containment.

The appeal of the stark dichotomy has also infected the Australian strategic debate. For many observers there seems to be an unbreachable chasm between Australia's post-9/11 military commitments in far away places such as Afghanistan and Iraq and the logic which took hold in the 1970s and 1980s that Australia needed a defence force which could defend the country's northern approaches. This apparent contest between preparing either for expeditionary operations or for the defence of Australia encouraged the view that Australian strategic thinking could be boiled down to two schools: the globalists (of today and tomorrow) and the regionalists (of yesterday).

This short essay demonstrates that Australian governments encounter not two, but at least three, main currents in their country's strategic outlook. First there is a contest for attention between strategic trends in Australia's immediate neighbourhood (where there is a premium on building Canberra's capacity for independent operations) and problems much further afield which create opportunities for Australia to work with allies as part of a broader coalition (normally under US leadership). Secondly, while these neighbours and allies are significant drivers of Australia's contemporary deployment patterns, both are challenged by a third and potentially much deeper current: the rise of the giants who are changing the strategic equation in Asia. The third and last of these trends might be the one to have the greatest long-term impact.

### *Neighbours*

Australian strategists have often, but not always, been preoccupied with their country's unique strategic position as a western-oriented liberal democracy faced to its north by the Indonesian archipelago and the Melanesian portion of the South Pacific (including Papua New Guinea). Maintaining a strong archipelagic screen and denying large North Asian powers the opportunity to use these neighbouring countries as positions from which Australia might be intimidated or even attacked is a deep strand in Australian strategic thinking. The experience of Japan's attacks on Darwin (in Australia's Northern Territory) during the Second World War is a strong historical reminder that the improbable might still be possible despite all the international conversations about the supposed obsolescence of interstate warfare.

But Australia's more recent concern about weakness in its near abroad has stemmed from somewhat different dynamics. After the Asian financial crisis of the mid-1990s, concerns grew about Indonesia's cohesiveness. Indonesian-Australian relations were badly strained by Australia's subsequent leadership of an intervention force to help East Timor move safely to independence. That vital bilateral relationship has now recovered to a significant extent (thanks in part to the cooperation which followed the Bali terrorist bombings in 2002) and Indonesia's own democratic transition from the autocratic years of the Suharto regime seems quite assured. Australia and Indonesia have since signed the Lombok Treaty designed to enhance security cooperation and ensure Australia's commitment that it will not do for West Papua what it did for East Timor. But the economic, social and communal challenges which still face Indonesia, and the way that Australian public opinion sometimes reacts to the problems they generate, mean that the potential for fragility in their relationship could well be tested again in the future.

Concerns by some leading Australian analysts about an 'arc of instability' to Australia's north were initially dominated by Indonesia's apparent fragility. But as Indonesia settled into the post-Suharto transition, Australian worries increasingly shifted to Melanesia. Following an earlier refusal to mount a stabilisation operation in 2000 as the Solomon Islands endured civil conflict, by 2003 Australia had led a South Pacific regional intervention to the same location. Signs of early success in both the East Timor and Solomons missions encouraged the view that Australia and its close partners (including New Zealand) somehow had a recipe for successful stabilisation. The return of violence to the streets of the capital cities of both vulnerable countries in 2006, which precipitated the temporary redeployment of Australian and New Zealand defence personnel, provided a local illustration of the difficulty of these missions. In addition, the serious challenges in healthcare, life expectancy, education, employment and law and order facing Papua New Guinea (which gained independence from Australia in 1975) might foreshadow the sort of regional assistance mission which would be well beyond Australia's limited capabilities.

The 'arc of instability' logic was central in Kevin Rudd's campaign against the foreign policy of the Howard Government which held office for over a decade until its complete defeat at the 2007 federal elections. Mr Rudd argued that Mr Howard's government had neglected the South Pacific in favour of the controversial commitment to Iraq when in 2003 Australia had joined the US (its main ally) and the UK (that other member of the Anglosphere) in the invasion to topple Saddam Hussein's regime. For the opposition Australian Labor Party (which took power after Mr Rudd's sweeping victory) the arc of instability logic indicated that Australia needed to focus more of its defence effort in the immediate region, and to work harder on bilateral relations with its immediate neighbours (including an enhanced commitment to development assistance).

### *Allies*

Had Mr Rudd's emphasis on the nearer neighbourhood become the central and even the solitary theme of his new government's foreign and defence policy, the Australian Defence Force (ADF) might have ended up as a larger version of the New Zealand Defence Force which has eschewed major maritime combat capabilities in favour of readily deployable light infantry and the capacity to move and support forces in that local environment (New Zealand's Labour government also opposed the invasion of Iraq, although it has been a visible contributor in Afghanistan, a commitment which has helped improve Wellington's defence relations with Washington).

Mr Rudd expressed admiration for New Zealand's approach to Pacific security issues soon after becoming Australia's new Prime Minister. His first overseas visit was to Papua New Guinea and the Solomon Islands, in part to soothe troubles in their relationships with a sometimes overbearing Australia which had characterised aspects of the Howard government's approach to its near neighbours. But a far more important element of Mr Rudd's policy had almost nothing to do with Australia's neighbourhood and everything to do with its long-standing alliance with the US. While in opposition Rudd had committed his incoming government to a phased withdrawal of significant elements of Australia's combat presence in Iraq.

In his election night victory speech Rudd mentioned only one country by name –the US, which he referred to as Australia's 'great friend and ally' (in comparison to Australia's 'great friends and partners' in Asia and Europe). His longest (rather than his first) overseas visit began with several days in the US and included meetings at NATO where he (and the new Defence Minister Joel Fitzgibbon) underscored Australia's commitment to

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Afghanistan and (in words which no doubt pleased Washington) called for greater troop contributions by European countries. Mr Rudd has repeatedly said that Australia's commitment should not be regarded as an open-ended cheque, and there has been growing concern in Australian press reporting about the future of the mission (and a small but steady increase in Australian casualties). But the Afghanistan focus remains a leading measure by which Canberra continues to display its alliance credentials.

Some might seek a different explanation for Australia's involvement in Afghanistan and treat it as a response to the spectre of global terrorism in the post-9/11 period. There is no doubt that the Howard and Rudd governments have taken this issue seriously. Under Mr Howard's leadership a number of legislative changes were introduced to boost domestic counter-terrorism measures, although the powers granted under this new legislation generated fears of persecution amongst some members of Australia's various Muslim communities and more generally led to concerns about the trade-off between civil liberties and national security. There was also a very significant increase in the resources and personnel made available to intelligence agencies, and it is unlikely that the budgetary belt-tightening which is occurring under the Rudd government will do much to reverse this generous allocation to the wider national security apparatus.

But for the reasons discussed above, a good deal of Australia's counter-terrorism focus has had a South-East Asian dimension, especially in the collaborative efforts with Indonesia. The Australian forces remaining in Afghanistan and Iraq are there principally as Canberra's down-payment on its valuable alliance relationship with the US. Especially in the post-Cold War period, beginning with the first Gulf War, these payments have been made in the Middle East. But for Australia the main *benefits* of the alliance have been mainly regional. The overriding aim has been to cement the US as the forward presence in Asia, thereby encouraging a stable balance of power.

Even so, especially under the Howard years, there were signs that Australia's defence force structure was taking on an extra-regional dimension with some capabilities selected perhaps more suitable to the manoeuvre warfare (and air-land battle) concept of a NATO coalition than the demands of an East Asian maritime environment. Some acquisitions, including Abrams tanks, large amphibious ships and heavy strategic lift aircraft, suggested this sort of focus. The increasing emphasis on Australia's Special Forces (which have played prominent roles in Iraq and Afghanistan as well as in theatres closer to Australia) is also notable, as is the expansion (by one) of the number of the Australian army's infantry battalions. At least some of these capabilities strengthen the ADF's capacity to work in a range of land environments and are also deployable in Australia's immediate neighbourhood, but if that local environment had been the main determinant of force structure, some of the heavier of these options might not have been chosen.

### *Giants*

At the time of Australia's initial commitment of forces to Iraq and to the Solomon Islands in 2003, the strategic debate was abuzz with concerns about rogue states and weak states, and the potentially intersecting transnational challenges of terrorism and weapons of mass destruction. For the Howard government this suggested a twin focus on the global and the local (and thus on Australia's allies and its neighbours). The bad old days of major conventional conflict between strong states seemed even more distant: there was an Australian echo of the judgement found in the Bush Administration's famous 2002 *National Security Strategy* that today's threats were just as likely to emanate from weak states as from strong ones.

Yet John Howard also devoted a good deal of his government's foreign policy attention to the rise of China, which became Australia's leading trading partner towards the end of his Prime Ministership and whose place in Asian affairs was growing just as Washington's influence appeared to be waning. His successor Kevin Rudd came to office as a Mandarin-speaking China scholar for whom the changing power equation in Australia's wider region was the crucial issue for Australian strategic thinkers. As the first decade of the 21st century has worn on, many Australian analysts have agreed with this judgement. Public attention has been increasingly drawn to the simultaneous rise of more than one Asian giant (with India's profile also growing, although at a slower rate than China's) alongside Japan's more active international personality and America's adjustment to the shift in regional power. Managing its strategic interests in the midst of these great power machinations is widely, although not universally, recognised as Australia's leading long-term foreign policy challenge.

An Asian region of giants –where the global order will also be increasingly determined– does not necessarily portend a bad outcome for Australia's strategic interests. For example it is quite conceivable that the relatively stable relationship currently existing between China and the US will continue well into the future. Beijing has also managed to improve the atmospherics of its relations with India and Japan. The extrapolation of these current patterns would certainly suit Australia, which would like nothing more than to continue benefiting from its burgeoning trading relationship with China, the massive exports of its mineral resources to the still massive Japanese economy and a growing economic relationship with India. In a region where great-power armed conflict has been mercifully scarce since China's clash with Vietnam in 1979, Australia can also continue to enjoy its strong alliance relationship with the US, and thereby encourage Washington's stabilising regional presence, without necessarily cutting across its own relationship with China.

Yet peaceful outcomes from the changing strategic balance in Asia are far from guaranteed. Beneath the sometimes calm exterior in great power relations in Asia lie deeper tensions which will easily be revealed as the giants really take off. The majority of the world's nuclear weapons states (of the older and more recent varieties) reside in, or are deeply engaged in, the region. The conventional capabilities of China and India are growing, and while there is regional appreciation for Beijing's current support for Asia's multilateral institutions, its neighbours have no guarantee that today's restraint is a model for what will be in place in a generation's time.

Long sensitive to the risk of being caught out by Asia's changing strategic balance (or at least unable to resist the legacy of these concerns), Australian strategic planners have continued to invest in capabilities which would be suitable for conducting major maritime operations in the Asia-Pacific. The quest for a capability edge in Australia's neck of the wider Asia-Pacific woods can be seen in the Howard government's commitment to a new generation of advanced combat aircraft. The Rudd government looks set to continue Australia's role in the Joint Strike Fighter project and has shown a strong interest in setting Australia on the path to acquire successors to the very capable Collins class submarines. The Air Warfare Destroyer Project (which may eventually have a missile defence component) remains on the books, as do Aerial Early Warning aircraft. Given all the recent political and media attention given to Australia's alliance commitments (in Iraq and Afghanistan) and to stabilisation missions in the neighbourhood (Solomon Islands and East Timor), many Australians might be surprised at the extent to which their country's defence force structure continues to be shaped by Asia's strategic balance. But



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underneath it all, this very important and long-standing trend will outlast the war on terror period and the recent enthusiasm for stabilisation missions by some comfortable margin.

**Conclusions:** The appeal of the polar opposites remains very strong for strategic thinking, including the portion of that analysis which occurs in and about Australia. It might be thought that the author of this essay is an unashamed regionalist who does not think that globalisation has really changed Australia's strategic interests. To a certain degree this is true. However, just as it is not entirely clear what a global strategy would really mean for Australia (and difficult to define clear implications for Australia's force structure) it is also not evident that there is any agreement on what being an Australian regionalist really means. On the one hand, if we focus on the giants in Australia's wider region, a regional strategy dictates a preoccupation with the Asian strategic balance and their implications for Australia's security. On the other hand, if we focus on the countries which comprise the nearer parts of the Asia-Pacific region, a regional strategy would lead us to concentrate on the internal cohesion of a number of smaller and medium powers and the challenges ahead for Australia's bilateral relations with some of its immediate neighbours.

But there may be a way to cut through the allies, neighbours and giants trichotomy facing Australian strategic thinking –or at least to bring them together–. As the giants rise, Australia might find that its leading ally (the US) is increasingly preoccupied with maintaining its own strategic edge in Asia. And Canberra is already finding that a number of its neighbours are 'looking north' for opportunities which come from closer relations with the growing Asian powers. In other words, 'giantism' may be the trend which makes sense of the others. In that case, Australian strategic policy-makers may be able to focus more of their efforts in one direction. But the scale of the giants' potential rise might leave Canberra wondering what it really can do in preparing for such an environment.

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